

# Translating the new vision into operations

TVA can fulfill its vision only by relying on the combined talents of every employee and by improving every aspect of its business.

The vision is just one step in TVA's overall strategic planning process.

Strategic objectives, a strategy scorecard and strategic initiatives are essential for employees' line-of-sight, as well as for identifying the actions that will improve TVA's core business and make TVA's vision a reality. Another important element is the Integrated Resource Plan, which outlines TVA's generation strategy for the next 20 years.

"TVA's vision has been crystallizing for more than a year," says Kim Greene, group president of Strategy & External Relations. "The insights gained through the discussions and analyses related to the Integrated Resource Plan process have helped to shape and test the vision."

## It's Time to Act

As TVA moves toward a cleaner and more energy efficient future, we must lead with...

### FOCUS

We must focus on the key critical issues. TVA's mission or core business is paramount, and we cannot lose sight of it. We must keep rates low, maintain power system reliability and strengthen our reputation.

### ACTION

We must achieve an impact. We must continue to be innovative and prudent in order to be the best in the energy industry and in our mission to serve the people in the TVA service area.

### CLARITY

Our results must be transparent. Although hard work speaks for itself, it is important to keep our stakeholders abreast of our actions. They must be able to look back and evaluate us on our actions.



## What the new vision means to...



### **Richard Herrin, senior recruiter in People & Performance**

"It means we will follow a new path toward new generation. We will operate with a renewed spirit of cooperation, integrity and honor."



### **Nils Stengel, simulator engineer at Watts Bar Nuclear Plant**

"I see TVA as a corporate example for showing people a deep respect for the energy it makes by producing it safely, cleanly and efficiently. This deep respect is a product of TVA's commitment."



### **Jim Parker, project manager in Financial Services**

"I will set my goals to make sure they align with the TVA vision and challenge myself and my co-workers to meet or exceed our set goals so that we can all be held accountable to achieve the TVA vision."

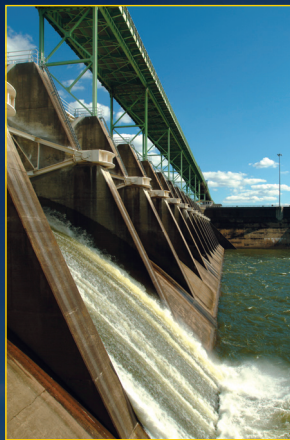


### **Megan Copple, accounting analyst in Financial Services**

"Every employee can contribute to providing low-cost, cleaner energy by the year 2020. Small daily decisions and taking care of company resources can have a significant impact on TVA's bottom line."



TVA has a rich history of improving the standards of living for the people in the TVA service area. Facing challenging economic conditions, tougher new emission standards, the need to modernize its generating fleet and changing customer needs, TVA needs a new vision and strategic direction to prepare TVA for the future.



TVA's strategic directions from earlier times will not be enough to solve the problems of the 21st century. TVA's renewed vision — to be *one of the nation's leading providers of low-cost and cleaner energy by 2020* — is the first step toward a new strategic direction for TVA and a new future for the TVA service region.

The specifics of the renewed vision are clear. TVA intends to be:

- **The nation's leader in improving air quality**
- **The nation's leader in increased nuclear production, and**
- **The Southeast's leader in increased energy efficiency**

And TVA will accomplish these things while improving its core business.

"TVA's basic mission has not changed, but the times have changed and requirements are changing for the energy industry," TVA President and CEO Tom Kilgore says.

Every job in TVA — and every initiative TVA pursues — will be linked to the following six focus areas. By accomplishing them, TVA will realize its vision and continue to meet the needs of its customers.

- **Low Rates**
- **High Reliability**
- **Responsibility**
- **Cleaner Air**
- **Greater Energy Efficiency**
- **More Nuclear Generation**



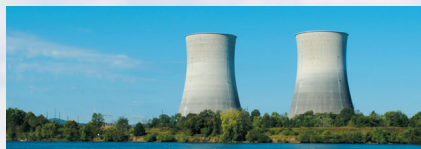
# A NEW ROAD MAP FOR TVA'S ENERGY FUTURE



## The nation's leader in improving air quality

To date, TVA has invested \$5.3 billion to reduce sulfur-dioxide and nitrogen-oxide emissions at its coal-fired plants. In 2009, emissions were 90 percent less than their peak levels. With more stringent emission requirements coming soon, TVA has announced plans to idle a combined 1,000 megawatts at Widows Creek, Shawnee and John Sevier fossil plants. The nine affected units have higher operating costs and aging infrastructures.

TVA is reviewing other units without emission controls and will decide whether to idle or upgrade those units over the next two to three years. TVA can more than offset the loss of the nine units with additional capacity coming online and through increased energy efficiency. Lagoon Creek Combined Cycle Plant, for example, began commercial operation in September with a generating capacity of 550 megawatts.

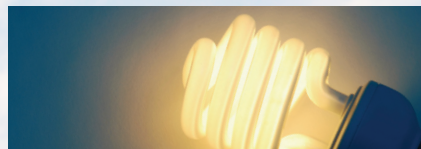


## The nation's leader in increased nuclear production

TVA is one of the only utilities in the nation constructing new nuclear capacity. Nine others are conducting analysis.

TVA's Watts Bar Unit 1 was the last nuclear unit brought online in the United States in the 20th century. Watts Bar Unit 2, which will add 1,150 megawatts of power to TVA's generating portfolio, will be the first unit brought online in the 21st century. TVA is also looking at other sites where additional nuclear capacity could be developed.

The fiscal year 2011 budget includes \$248 million for engineering design, asset preservation and facilities preparation, regulatory-framework development and initial contracts for the procurement of long-lead-time components at Bellefonte in North Alabama. The TVA board will decide next year whether to complete a nuclear unit at that site.



## The Southeast's leader in increased energy efficiency

TVA plans to increase its investment in energy-efficiency and demand-response programs to \$135 million in fiscal year 2011. By focusing on energy efficiency, TVA can avoid costly capital expenditures in the future and help customers get more value for their electricity dollar.

TVA is working to reduce peak power usage with demand-management tools, including new rate structures that vary depending on the seasons of the year and time of day. These tools will help consumers use electricity when costs are lower.

In addition, TVA is looking to minimize transmission losses and increase plant efficiency.





A NEW ROAD MAP FOR

# TVA's Energy Future

## Our VISION

ONE OF THE NATION'S **LEADING** PROVIDERS OF LOW-COST  
AND CLEANER ENERGY **BY 2020**

**Acting to meet the region's needs for the future,  
while improving our core business today.**



Low Rates



High Reliability



Responsibility



Cleaner Air



Greater Energy Efficiency



More Nuclear Generation

